

HEALTHSOUTH Rehabilitation Corporation

Meeting of the Board of Directors

August 5-7, 1994

MINUTES

A Meeting of the Board of Directors of HEALTHSOUTH Rehabilitation Corporation (the "Corporation") was held on August 5-7, 1994 at the Perdido Beach Resort, Orange Beach, Alabama, pursuant to a Waiver of Notice dated August 5, 1994, a copy of which is attached to these Minutes.

The following Directors, constituting the entire Board of Directors, were present in person at the meeting: Richard M. Scrushy, Chairman of the Board, President and Chief Executive Officer of the Corporation, C. Sage Givens, Charles W. Newhall III, Richard F. Celeste, John S. Chamberlin, George H. Strong, Phillip C. Watkins, M.D., Larry R. House, James P. Bennett, President- HEALTHSOUTH Inpatient Operations, Aaron Beam, Jr., Executive Vice President and Chief Financial Officer and Anthony J. Tanner, Executive Vice President and Secretary.

The following guests were also present at the meeting: Russell H. Maddox, President, Diagnostic Health Corporation, Thomas W. Carman, Executive Vice President - Corporate Development of the Corporation, Denis J. Devane, Executive Vice President - Medical Center Operations of the Corporation, P. Daryl Brown, President - HEALTHSOUTH Outpatient Centers of the Corporation, Michael D. Martin, Senior Vice President and Treasurer of the Corporation, Eric R. Hanson of U.S. Strategies, Inc., and Benjamin D. Lorello, William C. McGahan and John K. Hudson of Smith Barney Inc.

Richard M. Scrushy acted as Chairman of the Meeting and Anthony J. Tanner acted as Secretary.

HealthSouth 00701

HHEC 427-0308
Confidential Treatment
Requested by HealthSouth Corp.

RESOLVED, that the President - HEALTHSOUTH Outpatient Centers, a division of this Corporation, and the other appropriate officers which constitute the management of the division, are hereby authorized to carry out and consummate any outpatient development project for this Corporation without specific prior authorization of this Board of Directors, provided that the total cost of such development project shall not be more than one-half of one percent of the Corporation's total assets, the "red file" procedure established by the Outpatient Division of this Corporation is strictly followed and this Board of Directors is given the opportunity to ratify such acquisitions as are so consummated at each of its regular meetings.

RESOLVED, that the proper offices of this Corporation or of any subsidiary of this Corporation are hereby authorized to certify such resolutions as shall be approved by counsel to this Corporation (whether internal or external counsel) as having been adopted by this Board of Directors or the Board of Directors of any such subsidiary in connection with the consummation of any outpatient development project carried out pursuant to the authority granted in the foregoing resolution, their authority to do so to be conclusively evidenced thereby.

RESOLVED, that the actions of the management of the Outpatient Division in carrying out and consummating the outpatient development projects set forth on the list presented to this meeting and attached to the Minutes of this meeting as Exhibit A are hereby ratified and approved as and for the actions of this Corporation.

In conjunction with the above action, the Board discussed the need to remove the restriction of a specific numerical dollar value on Mr. Scrushy's level of authority. Upon motion made by Dr. Watkins and seconded by Mr. Strong, the following resolution was unanimously adopted:

RESOLVED, that the Chairman of the Board, President and Chief Executive Office of this Corporation is authorized to commit, in any single transaction or group of related transactions, up to one percent of the total assets of the Corporation pursuant to such agreements, documents or instruments as he, after any appropriate consultation with counsel and other officers of this Corporation, deems appropriate.